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ECONOMIC AFFAIRS

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CHINA REPORT

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NATIONAL ECONOMIC POLICY

INDUSTRIAL MANAGEMENT REFORM MEASURES ARE A SUCCESS

Beijing CONGREN RIBAO in Chinese 16 Oct 79 p 1

[Article by staff reporter Niu Fenghe [3662 7685 0735]: "Over 1,000 Industrial Enterprises in China Enlarge Decisionmaking Power"]

[Text] Recently your reporter learned from the State Economic Commission that up through the end of September, 1,233 industrial enterprises in 21 provinces, cities, and autonomous regions have experimentally enlarged their power of decisionmaking and retained a portion of their profits, with the approval of the State Economic Commission and the Ministry of Finance, by acting according to the State Council's notification of five documents on the reform of the management system of industrial enterprises.

All these enterprises have been restructured, their leadership groups are made comparatively perfect, and production orders and management work are normalized. Among these enterprises, 37.5 percent are of the Daqing type, and 60 percent are advanced units in learning from Daqing.

Profits from this group of experimental enterprises constitute about 30 percent of the industrial profits of these 21 provinces, cities and, autonomous regions. Profits from those in Gansu, Shanxi, and Jilin provinces and Ningxia Autonomous Region constitute over 50 percent of the profits of these provinces and this region. Profits from those in Yunnan, Hunan, Jiangsu, Zhejiang, Fujian, Henan, Anhui, Hebei, and Liaoning provinces and Nei Monggol Autonomous Region constitute 30 to 50 percent of the profits of their provinces and region. Last year, 16 of these enterprises handed over to the state over 100 million yuan each in profits, 174 enterprises over 10 million yuan each, and 142 enterprises 5 million to 10 million yuan each. These enterprises in the experiment not only play a key role in creating profits for the state by the 21 provinces, cities, and autonomous regions but also make an important contribution to the state treasury. This year, it is anticipated that their profits will increase by 1.05 billion yuan over last year, from which they can additionally share 250 million yuan and the state 800 million yuan. Consequently, the state treasury will increase its revenue and the enterprises and the individuals will gain more income.

The experiment of further enlarging the enterprises' power of decisionmaking has aroused the enthusiasm of the enterprises and their staffs and workers. These enterprises have mobilized their personnel to make a success of economic accounting; improve the method of giving rewards; carry out innovations, the tapping of potentials, and reform; raise a new upsurge of the movement to increase production and practice economy; strive to increase output and income; and make greater contributions to the state. For instance, the personnel of the Shanghai Municipal Tire Factory carefully calculated its accounts and found that in the past 14 years the factory has handed over to the state its accumulation of 240 million yuan and has received from the state a total of 2.95 million yuan of allocated funds for innovations and renovation, including the fund for depreciation, constituting only 1.22 percent of the total amount surrendered to the state. At present, from the experiment of retaining a portion of its profits for the trial making of new products alone, the factory can retain over 500,000 yuan every year. For this reason, the workers are very happy, saying: "With this fund, the factory's production becomes 'flexible.' Not only we can develop new products by ourselves, but also this old factory of ours can hope to carry out innovations and reform." The Shanghai No 7 Radio Factory expects to increase its profits by 12 million yuan this year, about 50 percent higher than last year, and to retain a greater amount from profits than before under the enterprise fund ruling. All the personnel of the factory have become enthused. The workers have made proposals to improve the quality of products, increase the variety of goods, and expand sales. This factory has also made practical arrangements for better economic accounting and management.

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NATIONAL ECONOMIC POLICY

ALL THE PEOPLE URGED TO ASSUME RESPONSIBILITY FOR PROFITS, LOSSES

Beijing JINGJI GUANLI in Chinese No 9, 25 Sep 79 pp 23-25

[Article by Jing Feng [5427 7364]: "Assuming Responsibility for Profits and Losses in Enterprises of Ownership By All the People Is a Good Method"]

[Text] Comrade Hua Guofeng pointed out in his report on the work of the government at the Second Session of the Fifth National People's Congress: "The amount of earnings of enterprises and income of staff and workers must be directly tied to the amount they contribute to the state to firmly and determinedly correct the trend of equalitarianism regarding good work and bad work and more work and less work as the same." In the past, we neglected the comprehensive economic results and material benefits of enterprises for a long time. We did not make profits the comprehensive indicators that accurately reflect good or poor management of enterprises, and we did not clearly stipulate that the enterprises must take total economic responsibility for profits and losses, nor was good or bad management of the enterprises tied directly to the personal benefits of the individual laborer and the collective. Therefore, the activeness of the enterprises and the broad masses of staff and workers could not be fully mobilized. Many difficulties were encountered in work and the economic accounting system was only a formality. Now, many comrades propose that enterprises of ownership by all the people should bear the profits or losses on their own so that the economic benefits of the state, the collective enterprises and the individual laborer can be better united. I believe that assuming profits and losses is a kind of even more total and stricter economic accounting system. It expresses the true nature of the economic accounting system in form. But, some comrades do not believe so. They believe assuming profits and losses is theoretically unsound and impossible to implement.⁽¹⁾ It seems that launching a discussion of this problem is extremely beneficial.

Assuming profits and losses, as a concept in economics, has its special definition. It says that after an enterprise carries out the duties of the state and the economic unit, paid all kinds of taxes and fees, all profits are controlled by the enterprise itself and the enterprise is totally responsible for losses. This is what Lenin proposed. As early as 1922,

Lenin pointed out very clearly after he summarized experiences and lessons of implementing economic policy during the period of Communism during wartime: "To establish each trust and enterprise on the foundation of the economic accounting system is precisely to have them become responsible and be completely responsible for themselves so that their own enterprise will not operate in the red."⁽²⁾ That enterprises must be responsible for their own profits and losses has never been explained more clearly than it has been explained here.

Some comrades believe that the economic category of assuming profits and losses is only suitable for independent producers of small commercial products, capitalist enterprises and enterprises of socialist collective ownership and is not compatible with the nature of the productive relationship of the system of ownership by all the people. If enterprises of the system of ownership by all the people use self assumption of profits and losses, the nature of the productive relationship of enterprises will change. In fact, this kind of worry is unnecessary. Because this category is so easily understood and so mundane, it has been circulated among the masses for 20 or 30 years and at present it has been accepted by many theoretical workers and workers of actual economic departments. Why can we not take it and apply it in enterprises of the socialist system of ownership by all the people and give it a new meaning?! This type of situation frequently exists in economics. For example, wages and profits were originally economic categories of capitalism but in our socialist economic life we still use these economic categories but we have given them new meanings without necessarily replacing them by the new categories of "wages for individual labor" and "earnings purely for the enterprises." Under the capitalist system, profit is the transformation of added value. When this category called profit is used in a socialist enterprise, could it be said that the profit of the socialist enterprise is also added value and that the productive relationship of socialism thus comes close to the capitalist productive relationship? It is obvious that everyone who has a slight knowledge of political economics will understand that it cannot be argued in this way. Because public ownership of production data has been established, labor force is no longer equivalent to commercial products. The profits in the socialist economy are of an entirely different nature from the profits under capitalism. Only Lin Biao and the "gang of four" tried their utmost to erase the differences in the basic nature of these two kinds of profits and slanderously labeled profit of socialist enterprises as a thing of capitalism, keeping many of our cadres from courageously grasping profit for a long time all because of their criminal goals. In the same line of reasoning, the inclusion of the category of assuming profit and loss by enterprises themselves in the socialist system of ownership of all the people will not change the nature of the enterprises to capitalism. After the enterprises of the system of ownership by all the people implement self assumption of profits and losses, will they possess some of the properties of the system of collective ownership? We believe that if the method of self assumption of profits and losses by enterprises of the system of collective ownership is proven to be clearly a good method, then what reason do the enterprises of the system of ownership by all the

people have not to learn from enterprises of the system of collective ownership? Why is it not good to implement self assumption of profits and losses to further perfect the productive relationship of the system of ownership by the whole people and to better suit the level of development of the productive force?

Are there any more appropriate terms to replace self assumption of profits and losses? For example, can the term keeping a percentage of total profit be used? Comparing the method of using self assumption of profits and losses and using the system of keeping a percentage of total profit shows the two are rather similar. If price adjustments and tax reforms are used to force the enterprises to pay to the state's financial administration that part of the social labor of staff and workers of enterprises and the differential income created by staff and workers not of the same enterprises, and thus eliminating the effect of different objective conditions upon the level of profits of enterprises, then the level of profits of enterprises would be entirely determined by their own efforts, and the amount of profit of the enterprises can truly reflect whether production of the enterprises is managed well or badly and can truly reflect the size of the contribution to the state. Under this condition, there is little difference whether the system of keeping a percentage of total profit or the system of self assumption of profits and losses implemented via the levy of income taxes is used. Generally speaking, implementing the methods of self assumption of profit and loss is to force the enterprises to break through the limitations imposed upon them by the departments and the professions, to reasonably select the scope of business, so that the income tax rate of each enterprise is generally the same. To adjust the level of profit, progressive tax rates can be used to tax the income of enterprises that have generated too much profit. It can be seen from this that adjusting prices and reforming the tax system are prerequisite conditions for implementing self assumption of profit and loss. It is different under the system of keeping a percentage of total profit. Percentage ratios can be established according to professions, regions and enterprise and price adjustment and reformation of the tax system are unnecessary. Between 1958 and 1961, our nation implemented the system of allowing enterprises to keep a percentage of the profit. Recently, the State Council promulgated a new "regulation on the implementation of keeping a percentage of the profits by state run enterprises". In doing so, different enterprises can retain different percentages of profits. Thus, to indicate the difference, a comparison with the expression of retaining percentages of the entire profit indicates that the expression of self assumption of profit and loss is better.

Then, can enterprises of the system of ownership by all the people achieve self assumption of profit and loss? Some people believe that when an enterprise suffers losses, the state cannot just sit and watch without doing anything but should take the losses. How can this be called self assumption of profit and loss?

This situation also occurs in enterprises of the system of collective ownership. For example, in some production teams of people's communes in farm villages, serious natural disasters or poor management have forced the commune members to live on state assistance and their production expenses have to be obtained from bank loans. After a certain time, the loans are written off and the assistance funds and loans need not be repayed by the production teams in the future by future earnings. However, this does not change the nature of self assumption of profit and loss. Even under the capitalist system, when an enterprise goes bankrupt, some nations provide unemployment assistance to unemployed staff and workers. Regarding some enterprises that are closely related to the economic benefits of the capitalist class and that have suffered losses or have incurred debt, the state will also provide financial assistance to maintain its production and operation. Even so, it cannot be said that the capitalist enterprise does not assume profit and loss by itself. At present, there are some enterprises in our nation that have incurred great losses because of a long period of poor management and have depended upon actual reporting of expenses and actual write-offs to get by. This is a method to protect the backward. In the future when self assumption of loss and profit is implemented, this kind of long term parasitic enterprise under socialism should be reorganized or abolished and should not be underwritten by the state. This is not a bad thing. It is precisely this that will benefit the rechanneling of limited manpower, material resources and financial resources to those enterprises that are highly efficient and which consumes less to hasten the development of the socialist economy. The staff and workers working in these enterprises can be placed in other jobs by the labor departments and can be given living expenses while waiting for work. This expense is to be paid by the social security funds contributed by the enterprises out of their profits. This is the manifestation of the superiority of the socialist system.

Everyone knows that due to changes in the conditions of production and sale, the level of profits of enterprises are not entirely the same year after year. In some years, the profits are less and in individual years, the enterprises may even suffer small losses. These cannot be avoided completely. To deal with the occurrence of this type of situation, the enterprises should not only establish funds for production development, collective welfare funds and bonus and awards funds, but also should establish a reserve fund. When there are more profits, more is taken out from the profits for the reserve. When the profits are less, less is taken out as reserves. When losses are incurred, the reserve can be used to assure the need of normal expenses of the enterprises is satisfied.

After implementing self assumption of profit and loss, will new problems raise? This is possible. Some enterprises may employ illegal ways or ways that are harmful to others to increase profits. Some enterprises may not distribute the profit reasonably or may overuse the profits for expanding reproduction leading to blind expansion of the facilities and causing short supplies of construction material and generation equipment.

The construction project cannot join in production in time or the profits may be overly used to improve the life of the staff and the workers causing great discrepancies in the income of staff and workers of each enterprise. To prevent and avoid the occurrence of these phenomena, education in political ideology, planned guidance, supervision of accounting and economic legislation and democratic management by the staff and workers must be strengthened, and all kinds of economic leverage (such as taxation and fines) must be used so that such activities practiced by the enterprises and which are harmful to society will become economic losses of the enterprises.

Since we lack the experience, and we do not have the capabilities to grasp the widespread use of economic patterns and the utilization of economic leverage to guide and adjust economic activity, the implementation of the method of self assumption of profit and loss must not be shaky in the steps of implementation to avoid major mistakes in the course of implementation. Therefore it can be implemented in stages. For example, in major basic construction, especially in the new construction of large and medium sized backbone projects and the regional improvement projects, the state must still allocate special funds. The costs of simple reproduction, exploring potentials and remodelling and rebuilding projects can be allocated from the profits of enterprises step by step and then the power of the enterprises in basic construction can be appropriately expanded in stages in the future. At present, some capitalist nations can to a certain degree rather skillfully implement planned management of capitalist enterprises that assume their own profit and loss of certain nature according to the objective demands of economic patterns. Then, with the superior socialist system in our nation, the uniformity of the basic benefits of the enterprises of the system of ownership by all the people and of the staff and workers, as long as we can learn well through practice, ceaselessly summarize the experience, employ methods that are suitable to the actual situation, there will not be any difficulties brought about by the system of self assumption of profit and loss which cannot be overcome.

FOOTNOTES

1. Jiang Xuemo [5592 1331 2875]: (How Can State Run Enterprises "Assume Profit and Loss by Themselves"?), see (FINANCIAL AND TRADE FRONTLINE), 17 Jul 79.
2. (To the Ministry of the People's Committee on Financial Administration), (The Complete Works of Lenin), Vol 35, p 549.

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'RENMIN RIBAO' COMMENTATOR ON REWARD SYSTEM

HK111445 Beijing RENMIN RIBAO in Chinese 28 Dec 79 p 2 HK

[RENMIN RIBAO commentator's article: "Give Play to the Positive Role of Bonuses, Rectify the Practice of Issuing Bonuses Indiscriminately"]

[Text] Since last year, many enterprises have correctly implemented the reward system in combining the practice of giving bonuses to workers who fulfill production quotas with production and management results so that the enthusiasm and creativeness of the broad masses of workers will be mobilized in vigorously bolstering production and fostering work, thereby achieving noticeable effects and good results.

Owing to the fact that the pernicious influence of Lin Biao and the "gang of four" has not yet been fully eliminated, the tendency toward egalitarianism is still rather strong. In implementing the rewards system, many problems have arisen. Some leading organs lack systematic management and rigid supervision in issuing bonuses. Indiscriminate issuing of bonuses is thus created. Others arbitrarily expend the items and broaden the scope of the distribution of bonuses. Still others wilfully raise the criteria of the distribution of bonuses and increase their expenses. Some units issue bonuses to every worker every month in definite proportion to total wages without taking into consideration the actual contribution of the workers and staff and without differentiating between those who do a good job from those who do shoddy work. Others resort to deception by indiscriminately squeezing production costs out and reaping the profits of enterprises among themselves. These erroneous practices have already created harmful consequences. There has been excessive use of funds to reward workers this year. According to rough estimates by the departments concerned, the amount of money distributed as bonuses this year is larger than this year's state expenditures on readjusting the wages of some workers and staff members. A considerable part of the bonuses must have been issued indiscriminately. For instance, compared with last year's same period, the total industrial output value of a certain area from January to September this year increased by approximately 4 percent while the profit dropped by more than 9 percent. The number of bonuses issued accounted for more than 40 percent of its total profit. Similar cases are not infrequent. The correct implementation of the country's reward policy certainly will be hindered if no due changes are made in this situation.

This situation will adversely affect state revenues and to readjustment of the national economy so much so that the long-term interests of the party and the people will be undermined. To better develop the role of bonuses to bolster production and construction, we must seriously solve the problems that have cropped up in the present reward system and correct erroneous practices.

We must unify our understanding of the nature of the reward system with the objective of giving rewards. Bonuses are supplements given to workers for overfulfilling production quotas on the bases of a time-rate wage system and in accordance with the principle of to each according to his work and more pay for more work. The more the quota is overfulfilled, the more the reward; the less the quota is overfulfilled, the less the reward; and for no overfulfillment, no reward. Bonuses must be given in close connection with the achievements made in the management of enterprises, with the interests of the state, collective and individual also being taken into account. Only under the premise of improving labor productivity in increasing revenues by increasing production to guarantee the fulfillment of state revenue can we issue bonuses to workers and staffs. The objective in giving rewards lies in encouraging workers and staffs to do a good job in production and to increase production and practice economy in order to create more wealth for the country. The practice of equally dividing bonuses irrespective of production conditions and actual contributions of workers and staffs violates the principle of socialist distribution and is detrimental to the socialist cause. The key to fundamentally solving the problem of indiscriminately issuing bonuses lies with the leading comrades at various levels who must resolutely implement the state's reward policy and related regulations.

[HK111450] An enterprise must possess given conditions in implementing the reward system. It should be operated at full capacity with a relatively regular state of production, supply and marketing. In addition to having an advanced and reasonable work quota and standard of quality and fixed quotas of consumption with regard to raw and processed materials, fuel and power and so forth, it should have a relatively sound system of business accounting, measurement statistics, inspection before acceptance and primary data. If the enterprise does not possess the above-mentioned characteristics, on what basis can we issue bonuses? On what criteria can we check on labor performance? At the moment, there are indeed some units that have implemented the reward system without having the necessary conditions. The leading organs should investigate and study, find out about the situation and vigorously carry out measures to overhaul the enterprises, improve management, amplify various rules and regulations, do a good job in basically setting wages for workers and specify time-limits for enterprises to make amends in reaching the standards necessary for implementing the reward system. We must not unscrupulously increase production costs and circulating funds in order to issue more bonuses. It has been decided that some enterprises shall suspend their operations. Those enterprises simply do not fulfill the basic criteria for practicing the reward system and should stop giving out bonuses.

We must take an active and prudent attitude to improve the method of drawing and issuing bonuses. In the trial implementation of giving enterprises wider powers of decision, various areas have achieved successful results. In drawing bonuses in proportion to profits, industry and communication enterprises have changed the previous tedious method of deciding on rewards through discussion into the method of "giving rewards through calculation" of the amount of fulfilled production quotas. They have thus achieved good results. We should seriously summarize the practical experiences of the masses, gradually link bonuses with profits, draw bonuses for the workers and staffs in a certain proportion to the profits gained by enterprises, define different situations of enterprises and formulate concrete and feasible work methods. Only by wholly fulfilling the planned output quotas, quality standards, profits and contracts for supplying goods can industrial enterprises draw bonuses in accordance with the prescribed methods. We must firmly hold to the seriousness of the plan. In no event should enterprises arbitrarily revise the plan for the sake of obtaining more bonuses.

We must strengthen the system of bonus management and uphold strict discipline in finance and economics. The criteria and method which enterprises follow in drawing bonuses should be carried out in accordance with the unified requirements of the state. Within these limits, enterprises may formulate according to their specific conditions different kinds of bonuses and the criteria and methods used in giving them out. However, they should not formulate for themselves the method of drawing money for bonus payments nor tap new sources for bonuses. The bank has to supervise the disbursement of bonuses according to state requirements. It should firmly reject payment of bonuses and allowances that are indiscriminately issued. Labor and finance departments of various levels and the departments responsible for the work of enterprises should strengthen management work on giving bonuses to workers and staffs, check on the drawing and issuing condition for bonuses and promptly correct the mistake of excessive drawing and issuing of bonuses. All enterprises should seriously implement the state bonus system. Those which violate state requirements, resort to deception, indiscriminately issue bonuses and privately divide state assets among themselves should be held liable.

It is the concern of the whole national economy and the personal interest of the broad masses of workers and staffs to implement the reward system. Leading cadres of all levels must strengthen leadership in earnestly summing up experiences in implementing the reward system. What sort of attitude should we take in dealing with problems that have cropped up in carrying out the reward system? As pointed out by Lenin: "We should be urging ourselves on to work even harder in studying and improving the methods for implementing the reward system. However, the reward system by no means should be forsaken." We must clearly state that it is imperative to carry out the reward system. Bonuses should be given provided they have not been indiscriminately issued. To rectify the erroneous practice of indiscriminately issuing bonuses is to make a success of giving rewards. Bonuses that are prescribed by the state reward system and within the scope of the bonus criteria should be issued to the workers and staff. If we wilfully refuse to issue bonuses through pretexts, the enthusiasm of the broad masses of workers and staffs will be dampened. We must also seriously do a good job in

political and ideological work. While implementing the practice of giving material rewards, we must strengthen socialist education and mobilize the workers and staffs to further develop the fine tradition of energetically working for the realization of the four modernizations.

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ECONOMIC JOURNAL ON INDEPENDENT ECONOMIC MANAGEMENT

HK170936 Beijing JINGJI GUANLI in Chinese No 10, 25 Oct 79 pp 15-19 HK

[Article by Lo Jingfen [5012 4737 1164]: "Economic Management System Should Be Separated From Governmental Systems"]

[Text] The organizational form of economic management is to a very large extent determined by the level of development of the productive forces and the degree of socialization of production. Along with the continuous development of the productive forces, especially the increase in the degree of socialization of production, the organizational form of economic management must be constantly restructured to make it compatible with the degree of socialization of production. Judging from our country's current situation, there is an urgent need to organize the enterprises which presently have decentralized management and are led by a variety of leading bodies and to establish enterprises of various forms, according to the principles of coordination among specialized departments. We should move towards combination, so as to gradually do away with the backward organizational production form of relying on the central or local administrative agencies to directly manage and command the industrial enterprises.

We all know that one important feature of modern large scale production is the high degree of socialization of production. With the development of social production, the means of production are changed from being used by individuals to being used by many people; the production process changes from individual action to a group's collective action; and the products also change from the individuals' products into those of many people's coordinated production. With the production scale always expanding, new production techniques always emerging and the social division of labor ever developing, specialization in production is becoming more and more elaborate, the scope of coordination is becoming more and more extensive, and the degree of socialization of production is becoming higher and higher. For modern industries, not only a product itself but also its component parts and the techniques involved in its production have the feature of socialization. Besides, a product's market extends from a district to the whole country, and from within the country to the world. The result of all these is that small scale, scattered enterprises are becoming less and less compatible with the requirements of the socialization of production. As a result, individual, scattered enterprises must combine further. This is an inevitable trend of the development of modern large-scale industries.

From the viewpoint of economic results, through unified planning large combined enterprises can adjust the line of their subsidiary plants' products, carry out rationalized division of labor, raise the degree of specialization, concentrate the originally scattered single-product production or low-output production, eliminate redundant production and expand the total output. Specialized high-output production creates the necessary conditions for setting up assembly lines, employing high-efficiency specialized facilities and equipment, and employing advanced technology. In addition, the workers will be able to perfect their skills and raise their technical level and proficiency because they will perform the same operations for a long time. All these will bring about higher labor productivity and lower production costs and further insure good product quality.

In a capitalist society the socialization of production is achieved through competition and integration, under the spontaneous functioning of the law of surplus value and the law of value. To suit the requirement of socialization of production in advanced capitalist countries, the forms of cartel, syndicate, trust and concern are generally adopted. In the past two decades, multinational corporations have also developed rapidly. Under the socialist system, the socialization of production can be organized in a conscious and planned way according to the requirements of objective economic laws. This is completely different from the situations under the capitalist system. But we, a proletarian state, can utilize the organizational form of the socialization of production used in the capitalist countries to serve the construction of socialism directly. Lenin explained: "Some people have said during this meeting that socialism can be built without learning from the bourgeoisie; I think this is the view of central African inhabitants. We cannot imagine what other socialism can exist other than that founded on all the experience obtained from the rich bourgeois culture." (Lenin: Collected Works, Vol 27, p 285) He also pointed out: "We will certainly not fabricate any organizational form of work, but seize the existing organizational forms of banks, syndicates, good factories, experimental plants, science institutes and so forth, from capitalism." (Lenin: Collected Works, Vol 26, p 92) Romania and Yugoslavia have learned the capitalist form of industrial management, combined it with their own countries' actual situations, established industrial centers and combined labor compound organizations, and achieved distinct success. Our country presently has several hundred thousand industrial enterprises; they are separately managed and run in a decentralized manner. As a result, the country's resources and funds are lying idle or are wasted, the advance in production techniques is seriously hindered, and the raising of labor productivity is affected. Lenin said: "Economics tells us and all the examples of syndicates, cartels and trusts show us that combining dispersed enterprises into a syndicate will result in a great economy." (Lenin: Collected Works, Vol 25, p 334) Therefore, currently our country urgently needs to adopt the forms of specialist or combined enterprises and organize the scattered ones, in accordance with the principle of specialized production and coordination.

[HK170938] An enterprise is an economic organization; it should make its own independent accounting, do complete and rigorous business accounting, manage its own finances, and assume sole responsibility for its profits and losses. An enterprise should own the necessary means of production and capital, and assume the economic and legal responsibilities for its own business activities. The economic benefits of the enterprise and its staff and leaders should directly depend on the achievement of running the enterprise. Then, this will certainly require the enterprise to aim at raising its economic achievements [word indistinct], break down the boundaries between departments and between localities, break down the boundary between the two systems of ownership, do its best to improve its business and management, and choose the best plan to organize its economic activities; at the same time this will require giving the enterprise relative independence as well as the power appropriate to its status as a commodity producer. The power of having unified leadership, command, management and control over all its economic activities like planning, production and capital construction, supply and marketing, labor's working, finance and so forth. Contracts and agreements from the relationship between national enterprises and local enterprises, between the head offices and the branches, and between an enterprise and other independent enterprises. Such enterprises are neither central nor local ones. It is wrong for the governments at various levels to directly keep their hands on and intervene in the internal specific business of such enterprises and their subsidiary plants or mines: If government departments stick to the traditional system of management methods, for instance giving production orders to lower levels, supplying materials, distributing products, posting staff and allocating funds and so forth, then the enterprise has many leaders, its political affairs are complicated, the normal economic activities of the factories or mines are affected and its independence is impaired. The following harmful results will appear:

When government departments directly intervene in economic activities, they are always constrained by the administrative areas over which they have control, and only care about convenience in administration and carrying out management according to the administrative system and districts. This results in separate leadership organs being set up, each place becoming a closed system, trouble being shifted to one's neighbors, places being designated as strongholds, departments and localities being taken as territories not to be trespassed, the exploitation of the strengths of each according to its available resources and technology being hindered, and the internal rational relations between economic activities being weakened or severed. The enterprises are preoccupied with becoming "large and complete" as well as "small and complete," which means not relying on anyone else but economically being very irrational; the utilization of resources is marked by concentrating on one thing only, without comprehensive development or exploitation; and, goods or materials having arrived at the destination become immobile, so that both serious shortage and lavish overstocking exist at the same time. These problems are usual and old. In the past few years an attempt has been made to solve them through the administrative departments, but invariably it did nothing to help and there was little success.

There are many government administrative agencies with various numerous and overlapping levels. To handle some business one must not only consult the central authorities but also the local authorities. Within the central authorities there are many offices and bureaus that must be consulted. Examination and approval must go through many levels and there are barriers everywhere. The documents are sent and returned many times, the procedures are tedious and complicated, and when obstacles occur at one place the whole business will get stuck. This sort of administrative and command method affects the response of economic organizations to the market's rapidly changing requirements, so that it is impossible to make timely judgments and decisions, accurately grasping the opportunities and flexibly organizing the activities of production, supplying and marketing.

The government departments at all levels are the higher authorities for an enterprise, and the local authorities are its "immediate superiors" sometimes the province, the municipality, and even the district or sub-district can assign tasks to enterprises, factories or mines as they like. For some production tasks every level will make the tasks heavier without caring whether the factories have sufficient productive capacities or whether, raw and other materials are adequately provided in accordance with the quantities consumed, and finally the products are handed over to the authorities for them to distribute. Some authorities even assign plenty of work that should be done by the collective. The enterprises then must carry it out, employing the factories' means of production, products, funds and labor without compensation. Since a factory's materials, equipment, funds and labor are all dependent on the government departments' allocation, therefore even though the factory knows that its resources are being unreasonably exploited without compensation, it does not dare refuse to undertake this additional burden.

[HK170940] The expenditures of government departments at various levels come from appropriations according to the financial budget. These expenditures have no direct relationship with the enterprises business achievements and do not bear any economic responsibility directly for the enterprises' business activities. Since government departments at various levels have no immediate interest in the enterprises' business achievements, they tend to ignore their economic well-being, and very often do not care whether the enterprises' business is rational or not, brutally interfere with it, and exercise control and issue orders, causing subjectivist and aimless direction in production as well as damaging the economic accounting relationship between the state and the enterprises.

The central departments and the local authorities have control over different industrial sectors. Since each has a different task and a different emphasis, therefore each only has concern over its own business, and the efforts of the central and local authorities cannot be combined. It can be assumed that industrial enterprises can be divided into two broad groups: central and local, according to whether production, supply and marketing are aimed at the whole nation. Many years' practice tells us that this is impracticable for modern industry. Economic activities are interrelated, interdependent, interwoven and intertwined, with each unit having a presence in every other unit. For a modern local industrial enterprise, many raw and other materials must be supplied from other places and the products

are probably sold nationwide. If industries are divided into centrally-controlled and locally-controlled sectors by force, then not only is it impossible for each to do its own business and carry out its own duties, but there will be more disputes over trifles and contradictory efforts will result, causing aimless production and redundant construction. Many irrational phenomena now exist in economic work. For example, products in excessive supply requiring simple technology get huge increases in production while products in short supply requiring complex technology find little favor with enterprises; large factories with high productivity and low consumption of raw and other materials lack the necessary resources, while small ones with backward technology are still enthusiastically built and operated; small steelworks are built near big ones; big, medium-sized and small enterprises are insulated from each other; and every year it is said that the capital construction front is too expensive. However, every unit protects its own capital construction and wants other units to cut theirs, so that the number of projects cannot be reduced, and so on. To a large extent this is the reason why the problems have remained unsolved for many years.

From the above it can be seen that Luen industrial management has been restructured according to the types of enterprises, the authorities at various levels must correspondingly alter the method of leadership to suit this restructuring. That is to say, they can no longer directly interfere with and put their hands on the enterprises' business, but should manage economic activities through the economic policies and regulations of the state and the localities. The central industrial departments should be gradually converted from administrative departments into coordinating and advisory economic agencies. Such an agency will unite various types of enterprises and independent enterprises in the same trade, for the sake of common economic interests. In the administrative aspect, each enterprise is not under this agency, but is one of the members with equal standing in the agency. Some enterprises may also join several such economic agencies concerned with their trades. Thus, the economic management system will be separated from governmental systems, becoming an independent system. After such restructuring, the emphasis of the central departments' work will be on studying and formulating policies and guiding principles, the drawing up development plans, providing economic information and organizing the exchange of experiences. The stress will be on setting national development targets for various trades, coordinating production, supply and marketing plans of big enterprises, as well as regulating the economic interests and contradictions and so on. Among various independent enterprises the stress will be on more effectively insuring the complete implementation of the national plan through the use of various types of economic levers. (If the central authorities' method of leadership is undergoing such a major change, there must be corresponding changes in the existing planning system, resource allocation and supply system, price system and financial system. This is an issue affecting a vast number of aspects and it requires special discussions.) The local authorities impose industrial and commercial income taxes on the enterprises, factories, mines which are within the locality, through such means as adjusting the tax rates and setting up municipal service trades, they can regulate the scale of factories and mines, and encourage or restrict industrial enterprises in the establishment of factories or mines in the locality.

[HK170943] With the increasing degree of socialization of production, it is an inevitable tendency inherent in the development of enterprises to demand that governmental systems do not directly intervene in their economic affairs. In 1964 tentative ideas of this sort were put forward while the central industrial and communications departments organized specialized production and trial establishment of trusts. Last year some provinces and municipalities also encountered this problem while restructuring their industries. To solve the problems of decentralized management and too many leaders for each enterprise, and to further create favorable conditions for starting coordination among specialized departments, these provinces or municipalities put the factories at the district level under the unified leadership of the specialized enterprise and main offices at the provincial or municipal level according to their trades. From now on the task of the authorities at the district level is to run various service enterprises well and to transform the municipalities. Since a province or municipality can demand that the district level authorities not directly manage the major industries, if industries are restructuring on a nationwide scale according to the principle of coordination among specialized departments, then of course the question will prop up as to whether the provinces or municipalities should directly manage modern large industrial enterprises or not.

Some comrades may raise the following question: If the provinces and municipalities do not directly manage modern large industrial enterprises, how can the local authorities support agriculture and carry out urban construction work?

To support agriculture and do urban construction well, a certain amount of funds and resources are necessary, and this is a problem that should be conscientiously solved. It has been mentioned earlier that industrial enterprises should pay industrial and commercial income taxes to the local authorities where they operate. The purpose of this is to provide these funds. We must make the industrial and commercial income taxes plus the local surtaxes plus agricultural taxes and other revenue obtained by the local authorities adequate for the needs of supporting agriculture, carrying out urban construction and operating public utilities, building residential houses, developing service trades in the municipalities, setting up more commercial networks and ~~its~~, improving local communication and transportation, doing cultural ~~educational~~, medical and health work, as well as providing good living and welfare facilities and so on. Such revenue of the local authorities should be a bit higher than the current level of the districts' actual expenditures. For some districts where industries are not well developed, the state should give additional financial subsidies. On the whole, the local authorities' financial resources should expand and their material benefits should be earnestly protected. From now on, with the establishment of combined industrial and agricultural enterprises, industries can invest in agriculture. The service industries of the municipalities will also have a certain amount of accumulated funds and these can be used for their own development. The actual financial situation of the localities will doubtlessly be much better than at present. The West German state of Rheinland-Pfalz has an annual fiscal revenue of 10 billion German marks (approximately equivalent

to 8 billion yuan). Apart from being used for administrative expenditures, this money is mainly used for developing agriculture and providing education and urban construction. The state authorities can do many things. It should be pointed out that in West Germany the funds and resources of the authorities at the state level do not come from profits and products of industrial enterprises run and directly managed by their departments. Industrial enterprises are invested in and run by the capitalists, and the taxes these enterprises pay are the main source of funds of the state authorities. Of course our country's situation is different. In our country, presently most material resources and part of the commodities are still subject to the system of planned distribution, so even when there are funds, we may not be able to purchase the means of production. After the imposition of industrial and commercial income taxes, methods must be formulated to insure that the local authorities can use this money to buy the needed material resources and commodities. Furthermore, the quantity of material resources and commodities the local authorities can obtain should be linked with the achievements of the local industrial enterprises. If these enterprises develop faster and their business is better, then the financial revenue of the local authorities will be higher and they can thus obtain more of this kind of material resources and commodities. For certain factories producing steel, timber, cement, chemical, fertilizers and agricultural machinery, it can also be stipulated that their payable industrial and commercial taxes must be converted into quantities of their products, so that they pay taxes in kind to the local authorities as a substitute for the existing method of submitting a fraction of the output to the authorities. However, it must be pointed out that this is not a good method; it may be taken as a provisional measure prior to the restructuring of the material resource allocation system, when the means of production still cannot be bought and sold freely as commodities.

[HK170945] Do all these mean then that the local authorities can only take care of some agricultural and welfare matters? Will it still be necessary to bring the initiatives of both the central government and the local authorities into play?

Now for the local authorities to improve agriculture and do well in municipal construction are no easy tasks. To take over the work that must be done for the collective which is presently undertaken by the enterprises, to achieve specialization and socialization and to relieve the enterprises of the extra burdens will certainly effectively promote industrial development. Of course, this does not mean that the local authorities no longer need to bother about modernized industries. Only the working method must change. From now on they will mainly supervise the enterprises' adherence to the state's economic policies and regulations and, if necessary, they can also make supplementary laws and regulations for the locality. At the same time they should also do municipal planning well and provide guidance for the rational geographical distribution of enterprises. In these areas there is much work to be done. Apart from this, they can also control some industries, although the scope will be much smaller than at present these will mainly involve the processing of products from agriculture and sideline production, industries directly serving the local major

industrial enterprises like electricity, water, gas (nitrogen, oxygen, coal-gas and steam), as well as the production of spare and component parts and technical coordination and so forth. However, even though the local authorities control agriculture, industries and service trades this does not mean that they will actually put their hands on and intervene in the internal economic affairs of the enterprises. Like the restructured central departments, they will take care of the policies and guiding principles, the development plans, as well as the coordinated development of and mutual cooperation between these industries and the local modernized large-scale industries. The actual administrative work will be done by the economic organizations. To sum up, the initiative of the localities must be brought into play, but this initiative must be directed toward the following: agricultural development, municipal construction, providing service for modernized large-scale industries and studying what economic policies and measures to adopt to promote the development of the local industries. The initiative must not be directed towards using direct investment to set up small-scale industries with backward technology or directly meddling with the internal production and business activities of enterprises.

The separation of economic management systems from governmental systems is an important part of restructuring and is a major readjustment in the economic relations. The originally existing management system has been practiced in our country for many years, and many people have become accustomed to it. They are bound to feel reluctant to alter the status quo, and difficulties of one kind or another are inevitable. This reluctance also arises from the lack of rigorous training and practical experience of some cadres in managing modernized large-scale production. The feudal society in our country lasted for several thousand years. The development of a capitalist commodity economy was extremely backward and feudal economic thinking is deep-rooted. So even though we have practiced socialism for several decades, the influence of feudal economic thinking among our cadres is still pervasive and some have still not completely awakened. Some cadres go so far as to take self-sufficiency and a closed-door policy as articles of creed and view the feudal mode and the mode of running small-scale production as socialism. Certain guiding principles, policies and slogans concerning the development of the natural economy, inappropriately assigned tasks involving self-sufficient production and the manufacture of complete sets of equipment, as well as certain unreasonable regulations in the system of distributing commodities and material resources, have also made it impossible for some cadres to break away completely from the habits and influence of running small-scale production. Each province, district or county wants to establish a complete system, setting up industrial systems of one kind or another, wishing to produce everything by itself. Therefore, without discarding the guiding principles for developing the natural economy, without eliminating the feudal mode of economic thinking, without doing away with the mode of running small-scale production and without overcoming the force of habit of maintaining the status quo, it is impossible to achieve the separation of economic management from governmental administrative work.

[HK170950] Of course, existing problems must also be solved conscientiously. These include the collection and distribution of industrial and commercial income taxes, the restructuring of the system of allocating and supplying the means of production and so on. Several years ago, we denounced normal cooperation and exchange as "awaiting, relying, begging," one-sidedly stressed the importance of raising the level of self-sufficiency of the local products and the level of self apportionment. We inappropriately pursued the transferring of products to lower levels and the geographically balanced distribution of material resources. Therefore, the coordination relations among enterprises were chaotic. The methods of commodity exchange and allotment of material resources could no longer be depended upon. In addition, to support agricultural production and solve the old problems concerning the construction of municipalities, some localities could only build redundant factories and produce aimlessly, disregarding the availability of resources and technology, whether consumption was high or low and whether there were profits or not. Therefore, if the problems of funds and material resources needed by the local authorities for supporting agriculture and municipal construction are not satisfactorily solved, then the smooth implementation of the work of separating economic management systems from governmental systems will be affected.

The separation of economic management systems from governmental systems is a very complicated issue involving the correct handling of the relations between the central and local authorities. This article merely serves to put forward some views on this issue, and further discussion and study are necessary.

CSO: 4006

ECONOMIC PLANNING

ELECTRONIC COMPUTERS USED IN CALCULATING WAGES

Beijing JINGJI GUANLI in Chinese No 9, 25 Sep 79 pp 44-47

[Article by Liu Yanqing (0491 1693 3237) of the First Steel and First Rolling Plant]

[Text] In the work of business administration, there is a large amount of calculation work. Among the calculations, the work load in calculating wages and materials is the greatest. The content and method of such calculations are often the same and repetitive. Accounting personnel often make mistakes in calculations because of monotony and they easily become tired. In addition, because they must devote the major portion of their efforts to massive calculations they neglect to do management work well. Various problems that exist in management cannot be solved timely.

The use of the computer in business management can supplement the deficiencies in this regard. Because the computer can perform calculations at a fast speed and is suited to massive repetitive work, the business can spare a great deal of manpower and channel it to the more creative work of management.

The First Steel and First Rolling Plant began to use the computer to calculate wages in 1977 with the assistance from concerned departments of Beijing City. In the past, calculation of the wages of the approximately 1,500 workers of the plant took six people working 3 days. Now, with the use of the computer, it takes only two people 2 hours. Work efficiency has been raised by over twentyfold and the quality of the calculations is assured.

Everyone knows that in using a computer, there must be a program language which the machine can read. Questions concerning how a program is written and computational language are topics of another discipline and will not be discussed in this article. Here, we will discuss the way to transform the economic operation of wage calculations into a computational program acceptable to the computer.

To facilitate explanation, the method of calculating wages by hand is briefly described below:

Table 1 is a work attendance record of a small group of workers. The data recorded is separately copied onto the columns of the wage calculation table and then each person's daily wage is used to multiply the number of regular work days and overtime. The number of days of sick leave is multiplied by the daily wage and by the percentage of labor insurance for the sick leave. Workers who work in high temperature environments are given subsidies, and workers who receive transportation allowances are given appropriate allowances. Deductions from wages are made for housing fees, administrative loans and medical expenses. Then each column of the wage table is totalled (subtracting the moneys for the deductions) and finally the actual salaries are obtained (see Table 2).

It can be seen from Tables 1 and 2 that in calculating wages, there are some often used "terms" such as shop, shift, name of the worker, regular overtime, sick leave, etc. In human calculations, all these are expressed by words. But the computer as yet cannot directly use Chinese characters as input and output signals. Thus it is necessary to transform these Chinese characters into signals which the computer can accept and then computations are performed according to the established program. First we assign a work number to every worker of the plant and before each number we add a negative sign to differentiate these numbers from other numerical data. For example:

(Fictitious Names)

Name	Worker number
Zhang San	-284
Li Si	-285
Wang Wu	-286
.	.
.	.
.	.

Table 1

____ Shop
____ Shift

Name	Regular work	Attendance Record			Year		Month	Tardiness Early leave
		Overtime	Night shift	Sick leave	Administrative Leave			
Zhang San	25	2	2	1				

Shop

Shift

Table 2

Wage Calculation Table

Wage Calculation Table																
Name	Daily wage	Regular work		Overtime		Night Shift		Sick Leave		Subsidy for work in high temperature environment	Transportation allowance	Deductions		Year	Month	Actual Salary
		No.	Amount	No.	Amount	No.	Amount	No.	Amount			House fee	Medical expense			
Chang San	*****	25		2		2			1	100						

The work numbers of the workers can be determined by a natural ordering of the shop, the work section and the shift he belongs to. We start from -101 and then follow the ordering -102, -103,

The shift is also given a numerical name. To differentiate it from the numbers assigned to the workers, a negative sign is added in front and non-integers are used, for example:

Soaking shop Soaking pit Shift A:

-1.1015

Same as above Cover lifter Shift B:

-1.2055

Steel rolling shop Steel rolling group Shift A:

-2.1015

Same as above Cutting group Shift C:

-2.3065

Same as above Maintenance group:

-2.4093

It can be seen from the above that the numbers for the shifts are designated by a negative five digit non-integral number. The integral part designates the name of the shop, i.e., 1 represents the first shop (i.e., soaking shop), 2 represents the second shop (i.e., steel rolling shop). The first digit after the decimal represents the shift, i.e., 1 represents Shift A, 2 represents Shift B, 3 represents Shift C, 4 represents blank shift.

The second digit after the decimal and the third digit after the decimal represent the order of the shift. 01 represents the 1st group, 02 represents the 2nd group,.....For example:

-1.101 represents the 1st group of the A shift of the soaking shop

-2.312 represents the 12th group of the C shift of the steel rolling shop

The fourth digit after the decimal represents the class of subsidies for work in high temperature environments of the shift and group, 5 signifies the fifth class, 3 signifies the third class.

By the above method of digitizing the shifts and the groups, each number has one meaning and thus there is no need to check the master register for each shift and group in daily work. The information can be found immediately in the numbers.

Regular working days, overtime and sick leave which are recorded on the attendance record are represented by positive numbers. They can be represented by either integers or non-integers, depending on the actual need. However, the whole number portion must not contain over three digits. The whole number portion's first digit (i.e., 100 position) represents the attendance items and is called the characteristic position of attendance data. The significance of the numbers are as follows:

- 2 represents regular work days
- 3 represents overtime
- 4 represents sick leave
- 5 represents administrative leave
-

The 2 and 3 digits are attendance numbers, for example:

In 226, the first digit is 2 (hundredth digit), thus it signifies regular work, the following two digits, 26 are attendance numbers i.e., meaning 26 regular work days. Continuing in this order, we have for example:

- 34 represents 4 overtime units
- 41 represents 1 sick leave.
- 52.2 represents two and a half days of administrative leave.

By the above method, all the Chinese characters needed as "special terms" and items of the attendance records are represented numerically and digitized. This has created the necessary condition for the use of the computer.

In the actual performance of wage calculations, some data varies each month, for example, the regular work days of each worker, night shifts and sick leaves. All this input data for computation by the machine must be according to the records on the attendance record. Some data does not change every month, for example, the basic wage of the worker, additional wages, housing fees (not including utility fees). When the wages are calculated by hand, the data must be checked every month. It is troublesome. Using the computer, and its "memory", this problem has been solved. This type of relatively fixed and unchanging items and numbers can be arranged together with singular effort and input into the computer before hand so that the data is stored in the "memory." In this way, the machine can access the data directly from its "memory" when it computes the wages every time. This greatly heightens work efficiency and assures error-free quality work. There are six items of this type of fixed date. They are:

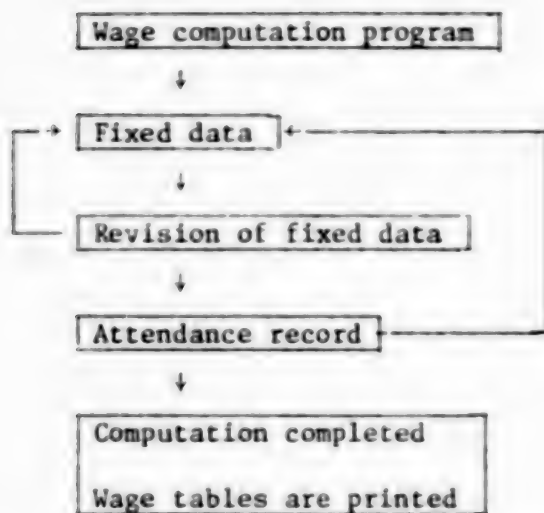
Worker's number, type, time of arrival at the plant, basic wage, additional wage, house fee.

The item "type" in the above is an indicator of the method of wage computation for the particular worker. It is used to differentiate whether the worker's wages are to be computed on a daily or a monthly basis and it also differentiates whether the worker is to be paid a salary or whether he is to be listed in the books without paying him a salary (when a worker takes sick leave for more than 6 months, his wages are paid from labor insurance and administratively he is not paid a salary but is still counted in the books as a worker). Or else, a worker may be paid a basic wage without keeping track of his attendance (for example, persons who are paid wages for attending university). Thus the item "type" can be designated by four numbers. The numbers we use are:

- 0 represents workers paid a daily wage
- 1 represents workers paid a monthly wage
- 2 represents workers accounted for in the books but not paid a salary
- 3 represents workers whose attendance is not recorded but are paid a basic wage

In addition to the fixed data, there is another fixed data table. The content of the table includes basically two kinds of information: One is a list of non-union members (of course, they are listed by their worker's numbers, the same in the following), and the second is a list of workers receiving public transportation subsidies each month or workers not receiving transportation allowance because they live nearby. Since non-union members are paid 50 percent of their wages during sick leave according to labor insurance regulations, when calculating wages involving sick leaves, the machine can automatically (of course, arranged by the program, same as follows) check to see if a worker is a union member or not. Similarly, in calculating a particular worker's wages, the machine must also automatically check to see if this worker receives any monthly subsidies for public transportation and if so, a monthly subsidy must be given and if not, then a 2-yuan transportation subsidy is given except to those who live nearby.

The "fixed data" and the "supplementary table of fixed data" need not be rewritten after they have been compiled the first time. They are stored in the machine "on file" for reference and when such data is needed, it is accessed. Although some of the data in the "fixed data" is said to be "fixed", it is bound to change as time passes. If a particular person's basic wage does not change normally, but when the wages are adjusted upwards, his wage will change. Therefore, each month, when calculating wages, changes of individual items of the data must be accounted for and the data must be revised so that the data will coincide with the actual situation. The entire wage computation process, for convenience sake, is illustrated as follows:



First, the machine is fed the "wage computation program," then the "fixed data" (including the supplementary table), "revision of fixed data" are input into the machine and stored. Then the "attendance record" is input into the machine. When the machine comes to the first signal on the attendance table representing the number of the first worker, it automatically goes to the "fixed data" and accesses the person, then accesses the "basic conditions" related to that person and feeds the data through the "revised fixed data" and then computes the attendance of the person according to the attendance record. After computing for the first person, the machine computes for the second person and so on. After all computations are completed, the "printer" prints out the wage tables.

To facilitate payment of the wages, the machine automatically totals the data after computing for all members of each shift and group and gives a cumulative total for each shift and group. In the same way, after computing for all the shifts and groups of one shop, the machine will compute and give a cumulative total for that shop and finally it will compute the total for the entire plant.

To use the computer widely in business administration, our plant spent 2 years to gain experience in calculation of wages and starting from this year, we experimented with the use of computer to calculate materials (inventory), and at present we are still in a testing stage.

Using this kind of advanced equipment as the computer in business administration requires that the broad masses of economic workers understand and grasp the basic knowledge about computers and that they must be further able to operate the computer and learn to write simple programs. In actual work, because of changes in business regulations and systems, the machine language programs originally written by professional programmers objectively require frequent revisions and changes. If economic workers can take over the job of performing such partial revisions and changes, then permanent professional programmers will not be needed and they can open up new frontiers to develop even greater functions.

GENERAL ECONOMIC INFORMATION

BRIEFS

ENTERPRISES GENERAL SURVEY--Beijing, 5 Jan--A general survey and registration of enterprises owned by the whole people and of collectively owned enterprises has been conducted throughout the country to strengthen industrial and commercial administration. The State Economic Commission, State Agricultural Commission and Industrial and Commercial Administration General Bureau recently issued a joint circular urging all provinces, municipalities and autonomous regions to complete the survey and registration by the end of June 1980. All the enterprises must fill out the registration form strictly according to the facts and submit it to local industrial and commercial administrative departments after it is checked by departments concerned. [OW071920 Beijing XINHUA Domestic Service in Chinese 0132 GMT 5 Jan 80 OW]

HENAN FINE PRODUCT RALLY--On 15 December, the Henan People's Government held a rally to reward fine quality industrial products and mobilize the staff and workers on the industry front throughout Henan to produce even more fine quality products. Some 3,000 staff and workers and representatives of those who had produced the 63 fine quality products took part in the rally. Also present were Liu Jie, Dai Suli, Qiao Mingfu, Zhao Wenfu, Wang Shucheng, Li Baoguang, (Gao Tan), (Wang Dizhang) and (Jie Xiaoxia), responsible comrades of the Henan Provincial CCP Committee and the provincial people's government. Also attending were responsible comrades from the Henan planning, committee, construction, agricultural, finance, cultural and science committees, the Henan National Defense Industry Office, the Zhengzhou Railway Bureau, the Henan Federation of Trade Unions, the Henan CYL Committee, the Henan Women's Federation and other units. Dai Suli, secretary of the Henan Provincial CCP Committee and deputy provincial governor, presided and Wang Shucheng, deputy secretary of the Henan CCP Committee and deputy provincial governor, spoke. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 15 Dec 79 HK]

SHANDONG INDUSTRIAL CONFERENCE--The Shandong Provincial CCP Committee and the Shandong Provincial People's Government held a work conference on industry and communications in Jinan from 3 to 7 January. Present at the conference were Gao Qiyun, secretary of the provincial CCP committee, and Liu Peng, deputy governor of the provincial people's government, both of whom delivered important speeches at the conference general demands set forth for the provincial industrial and communications work this year at the

conference are: 1) Continuous and earnest efforts should be made to implement the spirit of the 3d plenary session of the 11th CCP Central Committee and the 2d session of the 5th National People's Congress. 2) All efforts should be concentrated on doing a good job in readjustment. 3) It is necessary to go all out to raise product quality, to lower the consumption of raw materials and fuel, to increase product variety and profits, and to raise the level of industrial production as a whole. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Jan 80 SK]

ZHEJIANG POPULAR JOURNAL--Hangzhou, 3 Jan--A total of 120,000 copies of the first issue of Zhejiang's ECONOMIC LIFE [JING JI SHENG HUO BAO 4842 3444 3932 3172 1032] were published on New Year's Day. The paper is meant for the masses: the economic workers, producers and consumers. Its tasks are to reflect the consumers' wishes and demands, coordinate production and marketing, enhance normal operation of various economic channels, promote production, flourish the market, invigorate the economy and guide the people's livelihood. The 4-page weekly will be published every Sunday. Contents of the first issue--the New Year's Day issue--include "Market of the Week," "Supply and Demand," "The International Market," "Peasants' Delight and Demands," "Consumers' Guide," "Voice of Consumers" and "Festival Menu" as well as "Market History," "Inside and Outside the Screen" and other articles, which are all short and pithy and are accompanied with pictures. [Text] [OW081413 Beijing XINHUA Domestic Service in Chinese 1416 GMT 3 Jan 80 OW]

STATISTICS SOCIETY FORMED--Hangzhou, 17 Nov--The China Statistics Society was inaugurated in Hangzhou on 10 November. Xue Muqiao, a noted economist and the China State Statistics Bureau's first director, was elected chairman of the society at the inauguration meeting and Li Chengrui, deputy director of the State Statistics Bureau, and six others were elected vice chairmen. The meeting also adopted the society's charter and a working plan, called on all provinces, municipalities and autonomous regions to set up their respective statistics societies as soon as possible and expressed the wish that statisticians in Taiwan join the society. [Beijing XINHUA Domestic Service in Chinese 0125 GMT 17 Nov 79 OW]

CHINA INSURANCE SOCIETY--Beijing, 3 Dec--The Chinese Insurance Society was established in Beijing on 29 November. Its purposes include promoting academic study of insurance, insurance education and exchange of international insurance study, enhancing the theoretical and technical level of China's insurance, and developing China's insurance business. Xu Dixin was elected honorary president of the society. Hu Jing [word indistinct] was elected president and Bu Ming [0592 2494], Song Guohua [1145 0948 5478], Lin Zhenfeng [2651 7201 1496] and Shi Zheming [1457 0772 2494] were elected vice presidents. Headquarters of the society will be established in Beijing and branches will be established in places where there are relatively large number of members. [OW131227 Beijing XINHUA Domestic Service in Chinese 0226 GMT 3 Dec 79 OW]

CSO: 4006

FINANCE AND BANKING

BRIEFS

FINANCIAL, ACCOUNTING SOCIETIES--Guangzhou, 12 Jan--The Chinese Financial Society and the Chinese Accounting Society were formed in Fushan Municipality, Guangdong, on 6 January. More than 310 people from various parts of China attended the inaugural meeting, in which they adopted the constitutions of the two societies and elected 109 council members of the financial society and 93 council members of the accounting society (both councils have vacancies left for members representing Taiwan Province). In the council meetings held concurrently, standing council members, president, vice presidents, secretary general and deputy secretaries general of the two societies were elected. Rong Zihé is president of the Chinese Financial Society and Wang Bingqian president of the Chinese Accounting Society. The council meetings also named Bo Yibo honorary president and Qian Jiaju, Ai Chunan [5337 2806 0589] and Li Yuang [2621 0056 2491] advisers of the Chinese Financial Society; Duan Yun honorary president and Zhao Rong and Pan Xulun [3382 1645 0243] advisers of the Chinese Accounting Society. [OW161010 Beijing XINHUA Domestic Service in Chinese 1151 GMT 12 Jan 80 OW]

CSO: 4006

BRIEFS

FUJIAN COAL PRODUCTION--By 13 December, the coal front in Fujian fulfilled the year's plans for production and tunneling. By 20 December, the coal front throughout the province produced a total of 4.66 million tons of coal, an increase of 430,000 tons over last year. A total of 192,000 meters of tunneling was carried out, an increase of 25,000 meters over last year. [Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 26 Dec 79 HK]

FUJIAN ELECTRICITY--By 15 December, the electricity front throughout Fujian has generated 3,723 million kilowatt-hours of electricity, overfulfilling the year's power generating tasks half a month ahead of schedule. It is expected that 3,870 million kilowatt-hours of electricity will be generated by the end of the year, surpassing the year's plans by 170 million kilowatt-hours, an increase of 9.4 percent over last year. [Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 26 Dec 79 HK]

HUBEI ELECTRIC POWER INDUSTRY--Wuhan, 6 Jan--The electric power industry of Hubei, a central China province which has experienced power supply shortages for years, generated 10,950 million kilowatt-hours of electricity last year, or 25 percent more than in 1978. In the past 3 years, a total generating capacity of 678,000 kilowatts has been added to the thermopower plants in the province. The figure is 2.4 times that of the total capacity of all those plants in 1976 when 7.4 billion kilowatt-hours of electricity, were generated satisfying about half of the province's demand. [OW090237 Beijing XINHUA Domestic Service in Chinese 0122 GMT 6 Jan 80 OW]

HYDROELECTRIC STATIONS--Li Baohua, director of the People's Bank of China, recently attended a national meeting in Chengdu on small hydroelectric stations. Answering questions put by delegates attending the meeting, he said: practice has proven that a good way of operating rural electricity is to have counties and communes jointly operate small hydroelectric stations, using county and commune investment and commune and brigade manpower and investment and then buying shares, sharing out the dividends and exercising joint management. Li Baohua said: Loans for small hydroelectric stations run by counties, including those jointly run by counties and communes, are handled by the People's Bank. Loans for small hydroelectric stations run by communes and brigades are handled by the Agricultural Bank. The installed capacity of small hydroelectric stations can be correspondingly increased in places where there are ample water resources and which possess a certain degree of investment funds, equipment and material, and [word indistinct] ability. Stations in such places will not be restricted to the original 12,000 kilowatts, and the banks can correspondingly increase their loans to these places in accordance with the terms of the loans. [Text] [HK210222 Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 19 Jan 80 HK]

MINERAL RESOURCES

BRIEFS

GUANGDONG URANIUM DEPOSIT--The No 705 geological team of the Guangdong Provincial Geology Bureau has discovered a particularly large uranium ore deposit in an area of Mesozoic period granite. The State Council has commended the team for its work. The deposit covers an area of 70 square kilometers, laced by over 80 veins. The ore is readily extractable. "The discovery of this uranium ore deposit is of major importance for developing China's atomic energy industry. It will also play a very great role in the four modernizations in Guangdong." [HK310257 Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 26 Dec 79 HK]

CSO: 4006

LIGHT INDUSTRY

SOLAR BOAT, SOLAR CELL DEVELOPMENT REPORTED

GW110738 Beijing XINHUA in English 0702 GMT 11 Jan 80 OW

[Text] Hangzhou, 11 Jan (XINHUA)--A solar-powered pleasure boat began service this week on the scenic West Lake in Hangzhou, capital of Zhejiang Province, South China. The boat, which is powered only by solar energy, creates no noise or pollution.

The body of the craft is made of glass fibre. It is 5.2 metres long and 1.3 metres wide and can hold five or six persons. The ceiling of the boat is made up of 3,168 small monocrystalline silicon cells which collect energy from the sun and put out 120 watts.

On a fine day the boat will collect enough power to drive its electric motor for three hours. The boat's speed is about 6 km/h.

The boat was designed and built by the Ningbo semi-conductor apparatus plant and two small shipyards in Yinxian County.

Meanwhile, in Kunming, Yunnan Province, a team of scientists has produced a new type of silicon solar cell for much less than it costs to produce the cells in other countries.

The new cell--described as black solar cell with all nickel contacts--was made at the physics department of Kunming Teachers' Training College without the costly vacuum apparatus used in the normal production of solar cells.

Technical experts say researchers at the Kunming physics department have found a way to achieve the critical plating of electrodes with an ordinary electric stove and a laboratory beaker.

Since it was founded in 1971, the Kunming laboratory has designed and produced silicon photoelectric diodes, five kinds of silicon solar cells, and a variety of solar energy stoves and water heaters. The laboratory was recommended at the 1978 National Sciences Conference for its work.

CSO: 4020

LIGHT INDUSTRY

BRIEFS

GUANGXI PHOSPHATE FERTILIZER--By November 1979, the phosphate fertilizer industry in Guangxi has produced 377,000 tons of phosphate fertilizer, overfulfilling the year's plans for the state by 7.9 percent. The plan was fulfilled a month ahead of schedule with an increase of 6.1 percent over the corresponding period of last year. Despite a reduction of 10 factories in 1979, production of phosphate fertilizer increased over 1978. [HK150840 Nanning Guangxi Regional Service in Mandarin 1130 GMT 30 Dec 79 HK]

HUBEI NITROGENOUS FERTILIZER PRODUCTION--The small nitrogenous fertilizer industry in Hubei has fulfilled the state plans this year 20 days ahead of schedule, earning a profit of 11 million yuan. From January to November 1979, coal and electricity consumption for the production of every ton of ammonia was reduced by 14 and 10 percent respectively over the corresponding period of last year. [HK151445 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 26 Dec 79 HK]

JIANGSU TEXTILE INDUSTRY OUTPUT--As of the end of November last year, the total output value of the textile industry in Jiangsu was 6.34 billion yuan, an increase of 19.5 percent over the same period in 1978. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 2 Jan 80 OW]

CSO: 4006

CAPITAL CONSTRUCTION

METHODS TO STRENGTHEN QUALITY CONTROL OF CONSTRUCTION OUTLINED

Beijing JINGJI GUANLI in Chinese No 9, 25 Sep 79 pp 42-43

[Article by Zhang Zhicai [1728 1807 2088]]

[Text] In our nation's economic development, the large scale of construction, the tremendous number of items to be introduced, the complexity of technology and the high demands for quality are things that have never been seen before. To realize economical investment, short construction cycles, rapid formation of newly added comprehensive production capabilities and development of the best results of investment, the problem of strengthening construction quality control must be considered.

What Is Overall Control of Construction Quality?

Some comrades, whenever they mention strengthening construction quality control, always believe it involves proportioning sand, gravel and cement, steel structure and laboratory testing of construction materials. This kind of understanding is not comprehensive. Quality control of architectural construction projects should include the entire process of planning, design, construction, and inspection and delivery of the project.

How is the quality of architectural construction determined? Some people say that as long as the user is satisfied, the quality is judged to be good. I believe this method is not comprehensive enough. It should be judged according to the important compositional elements of the techniques, production, economic value and esthetic value of the quality of the architectural product so that the user, the designing and the construction units, the quality inspection and supervisory department and the construction workers are all satisfied. For example, the standard of quality for housing construction should include: 1. the element of quality techniques, the degree of firmness of the house or the structure built within a definite period and under definite conditions of use and designed according to its function; 2. the element of quality production, whether the house or the structure suits its use; 3. the element of quality of its economic value, the cost of maintenance and the one shot investment in the house or the structure; 4. the element of the quality of its esthetic value, whether the outer appearance of the house or the structure satisfies the demand for

beauty. In the designing stage, the selection of structure, floor plan, machinery and equipment, architectural form and decoration that suit the rules of production can determine the important elements of the quality of technique, production and esthetic value. The quality of the construction material sent to the construction site and the quality of the construction work also affect the above elements. The important element of economic value of houses and construction is born from the element of production and the element of technique. If the floor plan is improper or problems arise in technique, maintenance will be difficult and the cost of maintenance will be increased. A one shot investment in construction and the cost of maintenance during the period of use and of fixed investment of architectural construction and installation are all important factors of the standard for examining quality. In addition, examination of quality during the construction period should also be included.

How Can Overall Control of Construction Quality Be Strengthened?

A good method of quality control is to organize construction according to the principle of professionalism. Organizing professional construction is a trend of modern architecture. At one locality, the same type of enterprises can be grouped together to form a professional construction company. Within the construction company, professional construction teams and construction work units are established. Based on professionalism, large companies that handle work in various cities and various provinces and for various professions can be gradually established.

What Is the Basis for the Quality of Construction Work?

The following documents should be standard: 1. technical documents as construction blueprints, books of explanation of design and notices of design modifications; 2. regulations of the state and the ministries concerning construction work and inspection and delivery; 3. if such regulations by the state and the ministries are not available, standards of other departments can be used as reference but the consent of the design department must be obtained before construction work starts; 4. documents drawn up by the headquarters of the architectural and installation company such as technical documents, temporary technical standards and related technical regulations and conference decisions. The above documents and documents drawn up by the construction company should be authorized by the technical department of the headquarters of the company before construction work starts.

Strict Implementation of the System of Responsibility of Technical Posts

The headquarters of the company must have a chief engineer, the construction company must have engineers, the construction teams must have a person in charge of technical matters and should take full responsibility for technical quality and thoroughly implement guidelines for technical quality, policies and systems, organize conferences for inspection, design blueprints, preside over the organization of construction work or construction work plans, draw up technical measures to assure quality and propagate new techniques.

Do the Work of Letting Everyone Know the Techniques Well

Each construction work unit, before starting the construction work, must familiarize its members with the situation of the construction project, the technical demands, the design and the plans, the quality standard and the method of construction work, so that the base level cadres, leaders of groups and work teams, workers, inspectors will all know what is required to assure the quality of the construction.

Implementation of a Strict Quality Inspection System

In all links of surveying, design, construction, materials and equipment, quality must be grasped. A system based mainly on professional organization and combining professional inspection and self inspection and mutual inspection of the work by the masses must be implemented. A quality supervision department must be established, with the authority to stop and investigate the cause and responsibility of any action that damages quality of construction. Inspection of construction quality must avoid missed inspection and mistaken inspection. Equal emphasis must be placed on projects with a tight work schedule and projects with a loose work schedule. Equal emphasis must be placed on secondary parts as well as important parts. Equal emphasis must be placed on underground and covered construction and above ground construction. Equal emphasis must be placed on a small amount of construction and a large amount of construction. Equal emphasis must be placed on supplementary work procedures and major work procedures. Equal emphasis must be placed on the technically simple and the technically complex. Equal emphasis must be placed on far away and remote work sites and concentrated work sites. Equal emphasis must be placed on work done by oneself and contracted work.

Construction units must master three things: 1. Records of self inspection must be mastered to assure that figures of self inspection and actual material coincide so that the work is really done and done completely. 2. Inspection of each separate item must be mastered: In architectural construction, the "standard of inspection of construction quality" promulgated by the State Capital Construction Commission must be strictly carried out. Auxiliary production must also be inspected. Where standards are lacking, supplementary regulations must be drawn up so that each team will be able to carry out inspection and each item is inspected. 3. Quality control must be mastered: From breaking the ground for construction to completion of the building, from unloading the equipment to installation, cleaning to adjustment and test runs, from using the raw materials for construction to delivery, inspection and acceptance, each work procedure must be strictly checked on. Blueprints must be organized well, the standard of the quality of new technology must be established, meters, instruments, work cards, measuring instruments must all be adjusted well, the quality of inspection and laboratory testing techniques must be raised and the inspection of the amount of work and inspection and acceptance must be done well.

Economic supervision of the quality of construction must be carried out. The systems of issuing materials on a limited basis according to quotas, the filing of work inspection certificates and work certificates implemented during the first Five-Year Plan of our nation must be revived. If the quality of work of the construction group is not satisfactory, certificates are not issued and the actual amount of work completed by the construction teams and construction companies must be inspected and approved by the quality inspection departments. This must be done for each construction project. Those of poor quality will be taken into consideration by the quality inspection departments and according to their opinion, rewards may be withheld for the construction groups.

A system of reward and punishment must be strictly implemented. An "overall superior work" activity must be launched widely taking quality as the major theme. The experience of Beijing City's Sixth Construction Team's first work site is good. All construction work whose quality has reached an established standard of superior quality are rewarded according to the conditions for reward for overall superior construction work. Rewards are withheld for construction work of quality less than the standard. An activity of "trustworthiness" in quality will also stimulate better quality in construction. Those who have contributed towards improving quality of construction work are rewarded and those who contribute towards poor quality will be taken into consideration and according to the seriousness of the matter, they will be subjected to criticism, a reduction in wages, termination of production for rectification. Those responsible will be investigated and the matter will be handled seriously.

Statistical analysis of the quality of construction is the fundamental method to see if the plan for quality has been implemented properly on a regular, overall and systematic basis used by the construction and installation enterprises. It is an important means to urge the masses of staff members and workers to participate in democratic management, launch criticism and self criticism and improve management. Each construction and installation company headquarters and construction companies can establish a construction quality control committee and each construction team and work site can establish construction quality control groups. Workers must conscientiously fill out statistical forms and good records must be kept for each work procedure or continuation between work procedures. Analysis of quality statistics generally involves examining separate construction items, separate portions of construction, unit construction expressed in percentages of satisfaction of quality and percentages of superior work. Ordinary and important quality matters are also included. Construction units, construction items or different types of construction works can be separately analyzed. The cause of quality incidents must be investigated, such as an error in the design blueprint and unqualified facilities which were not discovered before work started; unqualified materials, unqualified prefabricated components, construction work that did not follow the design blueprints, violation of operating regulations, mistakes in technical guidance, etc. The number of incidents of such matters and the monetary loss of manpower, materials and

costs of the use of machinery must be calculated. Measures must be prepared to deal with problems of construction quality before work begins and prevention as the key method must be insisted upon so that preventive inspection and prevention work can be done well. After an incident has occurred, three things must not be overlooked: The cause and the responsibility will not be overlooked when they are not clear; the person responsible and the lack of instruction of the masses must not be overlooked; the lack of reliable preventive measures will not be overlooked. After quality incidents have occurred, the unit in which the incident occurred must organize a force to check and investigate the cause in time, to clarify the responsibility, to handle the matter seriously, and to stop such incidents from happening again. Analysis must be done to see whether the system of quality responsibility which is based on the system of positional responsibility has truly been implemented. The problems emerging from such analysis must be tackled by an organized activity based on raising of quality. The model must be grasped well, experiences must be summarized, facts must be sought to establish the guidepost for quality.

Quality control must be included in the agenda of important matters of the Party Committee. Let the manager and the engineer truly shoulder the responsibility of controlling quality by visiting the user before work starts, during construction and after completion of construction and conduct activities of massive quality inspection and quality awareness at fixed intervals. Quality must be placed in front of organizing construction work, commanding work and deploying work forces, inspection and summarizing, criticizing and comparing as the central link in the economic and technical standards of each enterprise. Forces must be organized to study the experience of quality control at home and abroad, a plan for graduation of quality must be drawn up to break through the best level within the enterprise and among the enterprise of the same profession. The actual situation must be grasped deeply, investigation and research must be conducted to grasp well the link of construction quality control. Key construction must be grasped and not let go until completion so that true results can be obtained.

9296

CSO: 4006

CAPITAL CONSTRUCTION

BRIEFS

FUJIAN CEMENT--By 31 November, 1,254,000 tons of cement have been produced in Fujian, overfulfilling the year's plans ahead of schedule. This is an increase of 14 percent over the corresponding period of 1978, reaching the highest level ever previously recorded. The profit plans which the state assigned to the cement industry have been fulfilled one quarter ahead of schedule. The profits in these 9 months increased by 200 percent over the corresponding period of last year. [Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 8 Dec HK]

CSO: 4006

FOREIGN TRADE

NEW COMPANY FORMED: BRITISH CONSULTING ENGINEERS CHINA LTD.

Hong Kong SOUTH CHINA MORNING POST in English 7 Jan 80 p BN 1

[Text]

A new company, British Consulting Engineers China Ltd, has been formed by four major British firms in the power engineering field to provide a comprehensive range of services to China.

The founding members of the company are Ewbank and Partners Ltd, Kennedy and Donkin, Merz and McLellan, and Preece, Cardew and Rider.

Their representatives on the BCEC board are Mr Anthony Sage, Mr M. N. John, Mr A. M. Jarvis and Mr Brian Goodman.

The first chairman will be Mr Jarvis of Merz and McLellan, who said:

"China's development plans call for massive investment, particularly in the power industry.

"We aim to assist this development by transferring technology and providing engineering and management services to Chinese power projects."

According to Mr Sage of Ewbank and Partners Ltd, the Chinese "are accustomed to dealing with large organisations and are therefore more likely to respond to a combined approach from the leading British power consultants.

"Moreover, as it is likely to be an expensive exercise to make our services known in China, it seems sensible to pool our resources," he added.

Preece, Cardew and Rider, who are represented on the board by Mr Goodman, point out that the new company will be able to call upon the technical expertise of the 3,000 staff of the four member firms.

"The majority of these are professionally qualified engineers with wide experience in the fields of power generation and transmission; telecommunications; railways; desalination, the oil, gas and petrochemical industries and building services."

A full range of consulting and project management services will be available.

The new company will also undertake the management of entire projects — from the feasibility study

stage through design and engineering to supervision of commissioning and handover.

It can also provide any part of this service separately.

Mr John of Kennedy and Donkin, who visited China in June, summed up the attitude of the four companies:

"Many large and complex technical problems are involved in the development of China.

"We are confident that independent consulting engineering services in the British tradition can make a great contribution to their solution.

"To this end, the registration of British Consulting Engineers China Ltd is an important step forward in Anglo-Chinese relations."

FOREIGN TRADE

ARBITRATION LAW BEING AMENDED

Hong Kong SOUTH CHINA MORNING POST in English 10 Jan 80 p BN 1

[Text]

China is amending its arbitration law by expanding its coverage to cope with the demand from the increasing commerce with foreign countries.

China will also expand its panel of arbitrators with the addition of more experts in arbitration work.

Business News learned this yesterday from the president of the Association of Experts for Modernisation, Miss Liu Yiu-chu, who returned from a visit to Peking recently.

"The present arbitration law in China is not comprehensive enough. Under this law, there are only two kinds of matters that China would arbitrate on — foreign trade and maritime.

"As China expands its international trade activities, the scope of arbitration also needs to be enlarged," said Miss Liu.

After amendment, the law will cover also matters related to international economic co-operation and foreign investment in China.

The amendment will be completed within a few months, Miss Liu was told by the chairman of the Legal Affairs Division of the Chinese Council for the Promotion of International Trade (CCPIT), Mr Yen Chien-sin.

To cope with the growing work, the number of arbitrators, now less than 100, will be increased in proportion to the workload.

"But the number of new arbitrators is not as important as the quality of arbitrators," said Miss Liu.

More than 16 members of the Association of Experts for Modernisation visited Peking and Canton from December 28 to January 4.

There were four major points of discussion between the delegation members and the Chinese authorities, according to Miss Liu.

- The necessity for China to amend its arbitration laws.
- How China should employ foreign law firms in foreign countries to take care of China's interest in commercial disputes.

- How China should regulate activities inside the country of lawyers who come from outside (including those from Hongkong).

- How China could set up a Legal Advice Centre.

"We had given our recommendations to the Chinese authorities in relation to these questions. No conclusion was reached because we simply discussed these issues together," said Miss Liu.

TAIWAN-MADE PRODUCTS AT CHINA STORES

Hong Kong SOUTH CHINA MORNING POST in English 4 Jan 80 pp BN 1, BN 5

[Article by Julie Auyeung]

[Text]

At least three Chinese department stores in Hongkong are now selling Taiwan-made products on a small scale.

They are Yue Hwa, Chinese Goods Centre and Chung Kiu Emporium.

Labels on Taiwanese products clearly say "Made in Taiwan" and they are on display along with China-made products of the same category.

Most of the Taiwanese products are light industrial goods such as electric light fittings, travelling bags, assembled plastic wardrobes, pushcarts and fruits.

The manager of one Chinese department store said: "This change indicates the step towards unification of the country. And this coincides with what Marshal Ye Jianying said recently, that Hongkong is a place linking China and Taiwan economically and ideologically."

But according to the sub-manager of the Yue Hwa Chinese Products Emporium Ltd, Mr Lee Yee: "We are selling Taiwanese products because Taiwan is a province of China. It is natural to include some of the province's products so that we can sell a more comprehensive range of China-made products."

Until recently, the Chinese department stores only sold China-made products and Taiwanese department

stores only sold Taiwan-made products.

"This was so because earlier we were not ideologically liberated. Now we are talking about unification. Taiwan is a part of China," said Mr Lee.

"However, the majority of goods that we are selling are made in China. Taiwan-made products occupy just a fraction of the total sales."

"China is a big country. It is impossible for Chinese department stores in Hongkong to sell all the products made in China because of the limited space they have. So we must be very selective in choosing Taiwan-made products."

"We only sell those Taiwan-made products that are marketable here and those that China does not produce in large quantity," said Mr Lee.

Mr Lee denied that the five Chinese department stores in Hongkong were asked by the Chinese Government to sell Taiwanese products.

He said: "It is only a matter of coincidence that we feel we need to sell Taiwan prod-

ucts. We also understand from what is happening in China that we have to cope with the changing situation."

In fact, quite a number of salesmen have been calling at Chinese department stores recently, wanting to sell Taiwan-made products.

"They began to approach us more than four months ago and we are still discussing the type of products to be sold here," said Mr Lee.

"How much we can absorb depends on many factors, among which we have to consider the prices and marketability. We might gradually increase the range of Taiwanese products," he added.

According to some salesmen in Chinese department stores, Taiwan-made products have not proved big sellers so far as compared with China-made products.

They said "China-made products are of better quality, are more practical and are therefore welcomed by customers. The majority of buyers for the cheaper Taiwan-made products are students (for assembled plastic wardrobes) and Chinese immigrants recently arriving in Hongkong."

FOREIGN TRADE

BRIEFS

DINERS CLUB ACCEPTED--Diners Club yesterday announced that following the conclusion of negotiations with the authorities in Shanghai, Diners Club cards will now be accepted in Shanghai at certain leading shops and the Jiang An Guest House. Diners Club members will also be able to obtain cash advances from the Bank of China in Shanghai. [Text] [Hong Kong SOUTH CHINA MORNING POST in English 5 Jan 80 p BN 1]

PAPER DEAL SIGNED--This scene inside a British paper mill represents one of the many business operations of the Bowater Corp'n, international traders and paper manufacturers, who have signed a US\$100 million contract with China. The agreement, which will double the company's trade with China, follows seven months of talks between Bowater and the foreign trade authorities of Guangdong province. Under the terms of the contract, Bowater will export US\$50 million of products to the province and sell the same value of Chinese goods abroad. [Excerpt] [Hong Kong SOUTH CHINA MORNING POST in English 8 Jan 80 p BN 16]

CITIC GETS MORE STAFF--The branch office of China International Trust and Investment Corp in Hongkong is adding five or six new staff members from Peking to cope with its expanding activities, said the executive director and vice-president, Mr Wu Shi-chao, yesterday. Mr Wu had meetings last month with CITIC's directors at its Peking headquarters. "The major discussion during my Peking trip was to work out in detail the structure of the Hongkong branch office. As the workload is increasing, we need to increase the number of staff," he said. At present, there are four staff members (all from China) in the Hongkong office. The additional staff will be responsible for special jobs but their work schedule "is not yet known." Mr Wu said: "We are still preparing for the establishment of the Hongkong branch office. Hopefully, it will be in operation by March. We have received several inquiries about investments in China mostly from foreigners." CITIC was set up in July by the Chinese State Council. Its function is to woo foreign capital and technology for the country's modernisation programme. In October last year, three prominent Hongkong business leaders were appointed members of the board of directors. They are Mr Li Ka-shing of Cheung Kong Holdings, Mr Henry Fok of the Real Estate Developers' Association, and Mr K. C. Wong of the Chinese General Chamber of Commerce. [Text] [Hong Kong SOUTH CHINA MORNING POST in English 9 Jan 80 p BN 1]

TRANSPORTATION

CHINA AIRLINES SCHEDULE THROUGH MARCH 1980

Beijing RENMIN RIBAO in Chinese 28 Nov 79 p 6

[China Airlines Schedule (1 November 1979 - 31 March 1980)]

[Text]

Domestic Routes	Outgoing	Return
Beijing-Shanghai	daily	daily
Beijing-Hefei-Shanghai	7	7
Beining-Jinan-Hefei-Shanghai	1,3,5	1,3,5
Beining-Jinan-Nanjing-Shanghai	4,6	4,6
Beijing-Nanjing	2,6	2,6
Beining-Guangzhou	daily	daily
Beijing-Wuhan-Guangzhou*	3	3
Shenyang-Beijing-Nanjing-Guangzhou*	1	1
Beijing-Hangzhou	2,4,7	2,4,7
Beijing-Zhengzhou-Wuhan	2,5,7	2,5,7
Beijing-Kunming (return via Chengdu)	1,4,7	1,4,7
Beijing-Kunming (return via Xian)	2,6	2,6
Beijing-Wuhan-Nanning	4	4
Beining-Wuhan-Guiyang	6	6
Beijing-Guiyang (return via Xian)	2	2
Beijing-Chongqing	1,3,5,7	1,3,5,7
Beijing-Chengdu	1,3,4,5,6,7	1,3,4,5,6,7
Tianjin-Beijing-Changsha	1,3	1,3
Tianjin-Beijing-Nanjing	1,4,5,7	1,4,5,7
Tianjin-Beijing-Nanchang	5	5
Tianjin-Shanghai	2,6	2,6
Tianjin-Beijing-Changsha-Guilin	2,4,6	2,4,6
Tianjin-Nanjing-Guangzhou	3,7	3,7
Beijing-Dalian	daily	daily
Beijing-Shenyang	daily	daily
Beijing-Shenyang-Changchun	daily	daily
Beijing-Shenyang-Harbin (return via Changchun)	1,6	1,6
Beijing-Harbin	2,3,5,7	2,3,5,7

Beijing-Hohhot-Xilinhote	1,2,3,4,5,6	1,2,3,4,5,6
Hohhot-Beijing-Chifeng-Tongliao	2,5	3,6
Hohhot-Xilinhote-Ulanhot-Hailar	1,4	2,5
Beijing-Xian	1,3,5	1,3,5
Beijing-Taiyuan-Xian	2,5	2,5
Beijing-Taiyuan-Yanan-Xian	3,6	3,6
Beijing-Xian-Lanzhou	2,4,6	2,4,6
Beijing-Lanzhou	1,5	1,5
Beijing-Taiyuan-Xian-Lanzhou-Xining	1	7
Beijing-Baotou-Yinchuan-Lanzhou	3,7	2,6
Beijing-Lanzhou-Urumqi	4	3
Beijing-Urumqi	1,5	1,5
Shenyang-Beijing-Harbin	4	4
Shenyang-Beijing-Xian	7	7
Shenyang-Beijing-Chengdu	2,5	2,5
Shenyang-Beijing-Guangzhou	3,5	3,5
Shenyang-Beijing-Zhengzhou-Wuhan-Changsha	1,5	2,6
Harbin-Jiamusi	daily	daily
Shenyang-Beijing-Shanghai	6	-
Harbin-Shanghai	4	-
Shanghai-Nanjing-Zhengzhou-Xian	2,6	2,6
Shanghai-Nanjing-Zhengzhou-Xian-Lanzhou	4	3
Shanghai-Xian-Lanzhou	7	1
Shanghai-Xian	3,5	3,5
Shanghai-Xian-Lanzhou-Urumqi	2	6
Shanghai-Lanzhou-Urumqi	5	5
Shanghai-Hefei-Zhengzhou	3,6	3,6
Shanghai-Nanchang-Changsha	4	4
Shanghai-Nanchang-Changsha-Guiyang	2	3
Shanghai-Nanchang-Changsha-Guiyang-Kunming	7	6
Shanghai-Kunming	4	4
Shanghai-Changsha-Kunming	7	7
Shanghai-Hangzhou-Changsha-Guilin	1,2,3,5,7	1,2,3,5,7
Shanghai-Hangzhou-Fuzhou	2,6	2,6
Shanghai-Fuzhou	1,4	1,4
Shanghai-Guangzhou	daily	daily
Shanghai-Nanchang	1,4	1,4
Shanghai-Wuhan	3,6	1,5
Shanghai-Nanjing-Wuhan	1,5	3,6
Shanghai-Hefei-Wuhan	4,7	4,7
Shanghai-Hefei-Jinan	2	2
Shanghai-Chongqing	6	6
Shanghai-Chengdu	7	7
Shanghai-Wuhan-Chengdu	4	4
Shanghai-Shenyang	2,4,6	2
Shanghai-Nanjing-Jinan-Shenyang	7	7
Guangzhou-Nanning	2,3,5,7	2,3,5,7
Guangzhou-Nanning-Kunming	1,4,6	1,4,6
Guangzhou-Guilin	daily	daily

Guangzhou-Guiling-Guiyang-Chongqing-Chengdu	6	5
Guangzhou-Chengdu	7	7
Guangzhou-Nanchang	3,6	3,6
Guangzhou-Hangzhou	2,4,7	2,4,7
Guangzhou-Changsha-Wuhan-Zhengzhou	2,4,5,7	2,4,5,7
Guangzhou-Changsha-Xian	7	7
Guangzhou-Zhengzhou-Beijing-Shenyang	1	1
Guangzhou-Zhengzhou-Beijing-Shenyang	1	1
Guangzhou-Zhanjiang	daily	daily
Guangzhou-Zhanjiang-Haikou	daily	daily
Guangzhou-Kaikou	daily	daily
Guangzhou-Fuzhou	1,4	1,4
Guangzhou-Shantou	daily	daily
Guangzhou-Xingning	1,2,3,4,5,6	1,2,3,4,5,6
Chengdu-Changsha	7	7
Chengdu-Changsha-Shanghai	2	2
Chengdu-Changsha-Nanjing	5	5
Chengdu-Chongqing-Wuhan-Nanjing	3	4
Chengdu-Chongqing-Wuhan-Nanjing-Shanghai	1	2
Chengdu-Chongqing-Wuhan	2,6	2,6
Chengdu-Xian-Zhengzhou	1,5	1,5
Chengdu-Xian	4,7	4,7
Chongqing-Xian	3,5,7	3,5,7
Chengdu-Xian-Taiyuan	3	3
Chengdu-Chongqing	1,3,5,7	1,3,5,7
Chengdu-Guiyang-Guangzhou	4	4
Chengdu-Chongqing-Guiling	3	3
Chengdu-Kunming	2,4,6	2,4,7
Chengdu-Chongqing-Kunming	7	7
Chengdu-Lhasa	1,2,3,4,5,6	1,2,3,4,5,6
Chengdu-Chongqing-Changsha	1,4,6	1,4,6
Chengdu-Chongqing-Guiyang-Tongren	2,6	2,6
Chengdu-Xichang	1,3,5	1,3,5
Chengdu-Dazian	2,4,6	2,4,6
Chengdu-Nanchong	2,4,6	2,4,6
Chengdu-Nanchong-Chongqing	1,3,5	1,3,5
Chengdu-Nanchong-Daxian-Chongqing	1,3,5	2,4,6
Kunming-Guiyang-Changsha	4	4
Kunming-Chongqing	4	4
Kunming-Chongqing-Xian	2	2
Kunming-Baoshan	1,2,3,5	1,2,3,5
Kunming-Zhaotong	1,3,5	1,3,5
Kunming-Simao	1,3,4,5,6	1,3,4,5,6
Lanzhou-Xining	6	1
Lanzhou-Jiuquan	2,5	2,5
Lanzhou-Qingyang	1,2,3,4,5	1,2,3,4,5
Xian-Lanzhou-Lhasa (return via Golmud, not via Lanzhou)	2,4	2,4
Xian-Zhengzhou-Nanjing	4,7	4,7
Xian-Chongqing	1,4	1,4

Xian-Hanzhong	1,2,3,4,5,6	1,2,3,4,5,6
Xian-Ankang	daily	daily
Xian-Yanan	2,5	2,5
Xian-Yulin	3,6	3,6
Urumqi-Aksu-Hotan	2,3,4,5,6	2,3,4,5,6
Urumqi-Aksu-Kashi	1,2,4,5,6	1,2,4,5,6
Urumqi-Korla-Kuqa-Aksu-Kashi	3	4
Urumqi-Korla-Kuqa	6	6
Urumqi-Korla-Qiemo	2,5	2,5
Urumqi-Yining	1,2,4,6	1,2,4,6
Urumqi-Karamay	1,2,4,6	1,2,4,6
Urumqi-Altay	1,2,3,4,5,6	1,2,3,4,5,6
Urumqi-Fuyun	1,3,5	1,3,5
Taiyuan-Changzhi	1,2,3,4,5,6	1,2,3,4,5,6
Jinan-Linyi	1,2,3,4,5,6	1,2,3,4,5,6
Hefei-Fuyang	daily	daily
Hefei-Anqing-Tunxi	1,2,3,4,5,6	1,2,3,4,5,6
Nanchang-Jian	2,4,6	2,4,6
Nanchang-Ganzhou	daily	daily
Nanchang-Jingdezhen	1,2,3,4,5,6	1,2,3,4,5,6
Nanyang-Zhengzhou	1,2,3,4,5,6	1,2,3,4,5,6
Wuhan-Chongqing (return via Yichang)	1,4	1,4
Wuhan-Yichang	daily	daily
Wuhan-Enshi	daily	daily
Wuhan-Xian	3,6	3,6
Wuhan-Shashi	1,2,4,5,6	1,2,4,5,6
International Routes	Outgoing	Return
Beining-Pyongyang	5,2#	5,2#
Beijing-Moscow	7,5#	1,3#
Kunming-Rangoon	1	1
Beijing-Nanning-Hanoi	1	1
Beijing-Guangzhou-Manila	2,7#	2,6#
Beijing-Tokyo	3,4,6,1#,3#,6#	2,4,6,3#,5#,6#
Beijing-Shanghai-Tokyo	1,5	1
Beijing-Shanghai-Osaka-Tokyo	2	5
Beijing-Osaka-Tokyo	5#	3,1#
Shanghai-Osaka-Tokyo	4#,7#	4#,7#
Beijing-Shanghai-Nagasaki	4	4
Shanghai-Nagasaki-Tokyo	2#	2#
Beijing-Karachi-Paris	2,6,7#	3,7,6#
Tokyo-Beijing-Karachi-Athens-Paris	4#	1#
Beijing-Teheran-Bucharest-Frankfurt	4	4
Beijing-Karachi-Bucharest	2#	7#
Beijing-Teheran-Belgrade-Zurich	3	3
Beijing-Bombay-Athens-Geneva-Zurich	1#	7#
Beijing-Karachi-Belgrade	1#	7#
Tokyo-Beijing-Teheran	3#,7#	2#,6#

Beijing-Karachi-Addis Ababa	5	6
Beijing-Bombay-Addis Ababa	4#	3#
Tokyo-Beijing-Rawalpindi-Karachi (4# not via Rawalpindi)	1#,5#	4#,7#

Note: 1,2,3,4,5,6 and 7 are Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, and Sunday. The # sign indicates foreign airlines. The routes with a * sign are effective from 10 December 1979.

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TRANSPORTATION

BRIEFS

FUJIAN SHIPPING--In the second half of 1979, the Fujian shipping company increased shipping tonnage by 25,000 tons, greatly improving the shipping situation in Fujian. Most of the new ships were imported from abroad with foreign investments and are assigned to the two branch companies in Fuzhou and Xiamen. At present, three have been put into operation. The other four will become operational later. The ships are responsible for the import and export of materials in foreign trade. When the fleet is fully operational, they will be able to ship 300,000 tons of goods for the province yearly. [HK011632 Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 8 Dec 79 HK]

SHANGHAI SHIPPING LINE--The Shanghai-Dalian Shipping Line under the Shanghai Maritime Transport Bureau was named an advanced shipping line at a meeting held in Shanghai by the Ministry of Communications on 5 January. The meeting was attended by Peng Deqing and (Li Weizhong), vice ministers of communications. Operating between Shanghai and Dalian, six ships have handled some 200,000 passengers without accident since May 1979. [OW090157 Shanghai City Service in Mandarin 1130 GMT 5 Jan 80 OW]

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